



Independent Accountants' Report on the Application of Agreed-Upon Procedures on the Indirect Cost Rates Proposed by the American Council of Learned Societies

The Department of State, Office of Inspector General, contracted with L.F. Harris & Associates, CPA, P.A., to perform certain agreed-upon procedures to determine whether the indirect cost rates proposed by the American Council of Learned Societies (Council) for the fiscal years ended September 30, 2005, 2004, and 2003, complied with applicable regulations. The Council is a private, not-for-profit federation of national scholarly organizations. The purpose of the Council is the advancement of humanistic studies in all fields of learning and the maintenance and strengthening of relations among national societies devoted to such studies.

The independent accountants found, for the period specified, that the Council's accounting system was adequate for accumulating and reporting indirect costs under the provisions of Office of Management and Budget (OMB) Circular A-122, codified at 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, and Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*. The independent accountants took exception to the rates reported by the Council and recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, International Programs Division, accept and finalize the Council's indirect cost rates for the fiscal years specified at 10 percent of total direct program costs in accordance with the limit established under provisions of the grants.

Office of Inspector General

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